



CIVIL AIR PATROL  
NATIONAL HEADQUARTERS  
MAXWELL AFB AL 36112-6332

CAP REGULATION 70-1

1 SEPTEMBER 2003

## Contracting Management

### CIVIL AIR PATROL ACQUISITION REGULATION

This regulation fulfills requirements contained in OMB Circular A-110 as implemented by the DoD Grants and Agreements Regulation (DoDGAR) and the Cooperative Agreement with the Air Force. It provides CAP personnel definitive reference on the acquisition process, from requisition to contract closeout for purchases. For purposes of this regulation, corporate funds are all funds not appropriated by the federal government, regardless of their source. The system is designed to be responsive to mission needs and requirements and will ensure contracts are awarded in the best interests of CAP. It creates an environment in which Contracting and the requiring agency are a team working together toward a common goal. This regulation applies to CAP National Headquarters, all Corporate officers, regions and wings. Section A, General and Administrative, provides customers with information to prepare and submit requisitions. It also contains priority designators and their corresponding purchasing lead-times. **Note: Shaded areas identify new or revised material.**

No regulation, no matter how comprehensive can cover everything. In those instances where no guidance exists, Contracting uses sound judgment and good business acumen in making the acquisition.

Your suggestions are welcome. Submit them in writing to the Chief, Contracting Management (LGC).

#### SUMMARY OF CHANGES.

This revision sets a new acquisition threshold for competition; defines corporate funds and eliminates them from coverage; eliminates resale items from coverage; removes the Quality Control Plan; provides new guidance for price reasonableness documentation; eliminates competitive exclusion for government pricing; makes changes to delegations of authority and micro-purchase program; clarifies solicitation and contract review and award processes; sets suspense dates for receipt of year-end requests; clarifies resale purchase responsibilities; clarifies hotel contract process and adds General Council to the review process; adds a chapter dealing with facility projects; incorporates changes and recommendations from CAP-USAF and the Grants Officer and makes administrative changes. Restores coverage for corporate funded purchases.

Supersedes CAPR 70-1, 4 November 2001.

OPR: LGC

Distribution: Not distributed below wing level.

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## SECTION A—GENERAL AND ADMINISTRATIVE

### CHAPTER 1—PURCHASE DESCRIPTIONS, APPROVALS, RATIFICATIONS AND STANDARDS OF CONDUCT

**1-1. PURPOSE.** Establish categories of purchases, approvals, ratification procedures and standards of conduct.

**1-2. PROCEDURES.**

**a.** Contracting is responsible for executing acquisitions in support of CAP.

**b.** The requestor is responsible for providing a complete commercial description and special shipping instructions, if any, for the item or service required. This includes functions to be performed or performance required, range of acceptable characteristics or minimum acceptable standards.

**1)** Justify any characteristics inhibiting full and open competition.

**2)** List salient characteristics when using brand name description.

**3)** To the extent practical and economically feasible:

**a)** Use the metric system of measurement.

**b)** Specify products and services that conserve natural resources, protect the environment and are energy efficient.

**c.** Obtaining Approvals.

**1)** It is the requestor's responsibility to obtain all required approvals, conduct or initiate any lease vs. purchase analysis, ensure the request is within prescribed limitations, and route the request through proper channels. Contracting is not responsible in the event approvals, studies, limitations, and/or routing are later found to be in error. Among the items requiring approval/coordination are:

**a)** Computer hardware or software, including licenses, services or consultant work requires NHQ CAP/IT approval.

**b)** Printing services require NHQ CAP/IT approval.

**c)** Aircraft major maintenance requires NHQ CAP/LGM approval.

**d)** Vehicle purchases or repairs require NHQ CAP/LGT approval.

**e)** Communications equipment or services require NHQ CAP/DO approval.

**f)** Aircraft purchases (new or used) require NHQ CAP/DO approval.

**g)** Clothing and novelty items require coordination with the Bookstore.

**2)** Contracting will make available for pre-award review by any federal agency, if requested, any acquisition exceeding the simplified acquisition threshold (currently \$100,000 or \$5 million for commercial items) if:

**a)** Award is to be made without competition or only one offer is received.

**b)** The description specifies a "brand name" product.

**c)** Award will be made to other than the low bidder under sealed bid procurement.

**d)** Any contract change.

**d.** Requisitioning.

**1)** The requestor enters all requests into the existing automated system. Until off-site agencies gain access to the system, requirements are submitted through their department, NHQ CAP program manager, or NHQ CAP/IT for system input. Include a statement of fund availability unless acquisition is HQ funded.

**2)** Requisition Prioritization.

**a)** There are three priorities:

**1** Priority A – Mission/Operational Impact: Must be purchased immediately to alleviate a critical condition, i.e., grounded aircraft, safety concern, etc.

**2** Priority B – Mission/Operations Hindered: Must be purchased quickly to alleviate a serious condition, i.e., vehicle repair, computer repair, etc.

**3** Priority C – Routine. Stock Replenishment: Regular or recurring purchases of supplies, equipment or services.

**b)** While customers determine their priorities, there are some basic guidelines.

**1** Neither poor planning nor expiring funds is an excuse for using a high priority.

**2** Setting higher priorities than necessary slows down the process for everyone.

**3** Requirements exceeding \$100,000 take longer to process regardless of priority.

**c)** Purchasing lead-times for purchases under \$100,000:

**1** Priority A – Average less than 3 days per purchase.

**2** Priority B – Average less than 7 days per purchase.

**3** Priority C – Average less than 20 days per purchase.

**d)** Lead-times for purchases exceeding \$100,000 will average 30-60 days.

**3)** Splitting requirements to avoid the various acquisition thresholds, i.e., micropurchase, competitive, simplified acquisition is strictly prohibited.

e. Ratifications.

- 1) Ratification is the approval of an otherwise authorized purchase made by an unauthorized person. It can only occur if
  - a) the item(s) or services are authorized for purchase;
  - b) the unit is authorized to have the item(s) or services;
  - c) sufficient funds are available to cover the cost and
  - d) the price is determined fair and reasonable.
- 2) When a ratification action is necessary, CAP personnel comply with the following:
  - a) Prepare the appropriate purchase request form.
  - b) Submit a memorandum with the purchase request to the Director, Logistics. It will include:
    - 1 Circumstances leading to the unauthorized purchase.
    - 2 Disciplinary action taken or reason(s) why none was deemed necessary.
    - 3 Action taken to prevent recurrence.
    - 4 Signature by the department director or the commander having jurisdiction.
  - c) The Director, Logistics approves/disapproves ratifications:
    - 1 If approved, it is sent to Contracting for purchase action.
    - 2 If disapproved, it is returned to the sender with an explanation for the disapproval. The individual responsible for the act makes restitution to the vendor for disapproved ratifications.

f. General Counsel Review.

- 1) Review is obtained for the following:
  - a) Open market purchases in excess of the simplified acquisition threshold including contract changes.
  - b) Purchase related documents requiring signature by Executive Director or Senior Director, Strategic Communications and Plans.
  - c) Facilities projects.
  - d) Notices of termination for acquisitions exceeding the simplified acquisition threshold.
  - e) Ratifications.
  - f) Issues involving standards of conduct.
  - g) Contractor disqualifications.
  - h) As otherwise required by this regulation or when deemed necessary by the Chief, Contracting Management.
- 2) Review and comments are documented in the file being reviewed.

g. Standards of Conduct.

1) Contracting personnel as well as individuals who interact with vendors are expected to conduct themselves in a professional manner at all times. Personnel shall avoid even the appearance of a conflict of interest. Such a conflict arises when the employee, officer, or agent, any member of his or her immediate family, his or her partner or an organization which employs, or is negotiating employment with any of the parties indicated herein, has a financial or other interest in the firm selected for award.

2) The officers, employees and agents of CAP shall neither solicit, nor accept gratuities, favors or anything of more than nominal value from contractors or parties to subagreements. Therefore, soliciting or accepting any gift, tickets or passes to entertainment or sporting events, compensation or other items of more than nominal value is strictly prohibited. For CAP, nominal value is limited to promotional items such as calendars, pens, pencils, cups, mugs and other items available to the general public and having a monetary value less than \$25.

3) CAP personnel shall not accept transportation or meals except in specially approved situations such as those cases where declining would be inappropriate. For example, a meal in a company sponsored cafeteria or transportation is provided for a group.

4) Standards of conduct issues are reviewed by the Director, Logistics and forwarded to the Executive Director for the determination of type of disciplinary action up to and including termination of employment or membership.

5) Nothing in these standards is intended to prohibit individuals not engaged in the award and administration of contracts from the legitimate corporate solicitation of funds or items of value such as donations, scholarships, grants, promotional giveaways, or items customarily associated with the operation of a nonprofit corporation. The solicitor should consult with General Counsel prior to any action.

**1-3. RESPONSIBILITIES.** Requestors are responsible for ensuring requests are on the proper form, funded, and meet the approval and limitation criteria set forth. Contracting is responsible for making the purchase.

**1-4. CONTROL.** The Chief, Contracting Management exercises overall supervision of purchases.

## CHAPTER 2—SOURCES OF SUPPLY

**2-1. PURPOSE.** Provide Contracting with criteria for selecting sources. (See Chapter A5.)

**2-2. PROCEDURES.**

a. When authorized, CAP may use existing government contracts subject to the rules governing their use.

b. Cadet uniforms are purchased by HQ CAP/LGS from Army/Air Force Exchange Service.

c. Vendors are excluded from competing for any procurement in which they participated through development or drafting of specifications, requirements, statements of work or invitations for bid and/or requests for proposals. This prohibition does not extend to vendors responding to market research inquiries from CAP personnel.

d. Supplies/Equipment/Services. Competitive solicitations should include at least one Small Disadvantaged Business (SDB) unless Contracting finds no known small SDB sources that can meet the requirement. This requirement does not apply to Teardown and Quote (TDQ) solicitations.

e. CAP employees shall not be solicited for purchases. This prohibition does not extend to CAP members working from their places of business. Members receive no preferential treatment in source selection. Every effort is made to avoid even the appearance of any impropriety when dealing with members. Obtain competitive quotes whenever possible.

**f. Vendor Management.**

1) A listing of vendors is maintained.

2) Pre-qualification of vendors.

a) Vendors are judged on quality and timeliness of product/service furnished as well as cooperation in resolving problems. Non-performers are either suspended or eliminated altogether depending on circumstances. No negative action is taken without first affording the vendor the opportunity to explain nonperformance.

b) A potential vendor with whom we have no history or no known reputation is asked to provide information relevant to capacity and credit. Recent references are also obtained. Information is checked before award to ensure vendor eligibility. Negative award determinations require approval by LGC. (Applies to open market actions in excess of \$100,000.)

3) Vendor acceptability. (Pending Software modification)

a) A one-position alpha code is used to evaluate vendors based on their ability to meet the following requirements: product/service quality, delivery dependability and cooperation in resolving problems. Codes used in the system are:

CODE

A	All requirements met
B	No requirement met
C	Product/Service quality not met
D	Delivery time not met
E	Problem resolution not met
F	Product/Service quality and delivery time not met
G	Product/Service quality and problem resolution not met
H	Delivery time and problem resolution not met

b) Vendor files are evaluated annually by LGC. Questionable performers are put on notice. If problems persist, the vendor is subject to elimination from the vendor file.

4) Removing vendors.

a) Vendors may be removed if they fail to respond to three or more consecutive solicitations.

b) Removal of woman owned or disadvantaged firms require LGC concurrence.

5) Suspended vendors.

a) In addition to the General Service Administration's *List of Parties Excluded from Federal Procurement and Nonprocurement Programs*, Contracting maintains records of vendors suspended locally. (See Section C, Chapter 8.)

b) LGC reviews list annually.

c) Firms on this list are not eligible to receive solicitations or awards unless warranted by compelling circumstances documented in the file and approved by LG and GC.

**2-3. RESPONSIBILITIES.** Contracting personnel are responsible for insuring this procedure is followed.

**2-4. CONTROL.** The Chief, Contracting Management is responsible for overall management.

**CHAPTER 3—JUSTIFICATION FOR OTHER THAN FULL AND OPEN COMPETITION**

**3-1. PURPOSE.** Provide procedural guidance for preparing justifications limiting competition for open market acquisitions in excess of \$100,000. For purchases under \$100,000, see Section B, Chapter 1.

**3-2. PROCEDURES.**

**a. Definitions.**

- 1) Sole Source - any open market acquisition when only one source is to be solicited.
- 2) Brand Name - any open market acquisition where only a particular brand will meet the minimum needs of the requestor.
- 3) Competition is two or more competitively priced offers and is required on all open market acquisitions in excess of \$100,000 unless otherwise justified. A signed memorandum setting forth the method(s) used in determining price reasonableness is required for non-competitive awards exceeding \$25,000. The memo requires LGC approval.

**b. Sole Source.**

1) Sole source is used only when free and open competition is not practical. It is not used as a substitute for poor planning or as a means of obligating expiring funds. Some factors justifying sole source procurement are:

a) Determination that only one responsible source has the capability/certification to provide the supplies/services within a specified period of time.

b) Determination that, only one source can satisfy the requirement. This includes NEC/NB/BoG corporate decisions to restrict purchases to a single vendor. The meeting minutes serve as written justification to support the acquisition and must include clear, convincing evidence that only one source can fulfill the requirement. The decision must make good business sense. Requestor provides a copy of the minutes as supporting justification.

c) Determination that only one source/contractor possesses the unique capability (e.g., technical knowledge, manufacturing processes, special tooling or test equipment) to provide the requested supplies/services.

d) Determination that vendor continuity is in the best interests of the corporation. This authority may be used for acquisitions such as corporate insurance, promotional items such as those related to the NASCAR program, auditing services, consulting services and where retaining the incumbent negates relocation or start-up/set-up charges, i.e. rental of facilities, printing, etc.

e) Determination that need is urgent and compelling.

2) Except for corporate decisions referenced above, sole source justifications are prepared in letter format addressed to LG. The requestor must submit clear and convincing evidence that only one source has the ability to fulfill the requirement. Sole source justification letters will address a), g) and h) below plus one or more from b) through f) below:

a) A brief non-technical description of the supplies/services to be acquired to include statements as to the general application and particular significance/specialized character of the requirement and an estimate of the total cost of the acquisition.

b) A clear, concise statement regarding the circumstances necessitating sole source acquisition.

c) If urgency is cited as a circumstance requiring sole source, (mandated by law, congressional requirement, local or national emergencies) why only one contractor can meet the requirement.

d) Cite specific data required in the performance of the request for supply/services that is only available from one source and the significance of this data to the acquisition. The mere statement that proprietary data exists is not adequate.

e) Include the unique capabilities required for performance that are possessed by the source. State reasons why no other source has or can obtain these capabilities and why they are essential.

f) Provide any other rationale that necessitates a sole source acquisition

g) Provide a concluding statement that the proposed sole source is the only known source that can satisfy the requirement. Statements such as "No other source(s) are considered qualified" shall not be considered a basis for sole source justification.

h) Statement of actions taken to remove or overcome barriers to competition on subsequent acquisitions.

3) The Executive Director; Senior Director, Strategic Communications and Plans; department director; National Commander; region or wing commander, as appropriate, sign sole source letters. For NHQ CAP/LG only, Chiefs sign the letter.

4) Director, Logistics reviews sole source letters. Approved letters are forwarded to Contracting for purchase action and subsequent filing in the order file. Sole source letters support only one acquisition. Future acquisitions must have their own justification. Disapproved justifications are returned to the originator. The request for purchase is cancelled within three workdays after disapproval unless the requestor indicates otherwise.

c. Brand Name Purchase **Applicable to purchases at or below \$100,000. (See 3-2b. for purchases exceeding \$100,000.)**

1) Brand name is used when there is a need to restrict the acquisition to a single brand regardless of the source of supply. Some factors which could justify brand name procurement are:

- a) Genuine replacement parts are needed to insure the integrity of the end item.
- b) A parts stock for a particular brand is established and the cost of setting up and maintaining a second stock is not economical.
- c) Use of a particular brand is mandated by regulation or directive.

2) Brand name justification letters need not be as detailed as sole source letters. As a minimum, they must set forth a description of the required item, and the reason why only the brand name specified will meet minimum needs. All statements must be supported by facts.

3) Brand name letters are signed by the chief/manager of the division/section/branch or National Commander, or region or wing commander requesting the item.

4) Forward brand name letters to LGC for review and approval/disapproval.

d. Price alone cannot justify either sole source or brand name.

**3-3. RESPONSIBILITIES.** Requestors prepare and submit letters. The Chief, Contracting Management insures all limited competition procurement actions are completely justified and approved at the proper level prior to effecting procurement.

**3-4. CONTROL.** The Director, Logistics in coordination with the Chief, Contracting Management insure "sole source" and "brand name" letters fulfill above stated criteria.



**CHAPTER 4—DELEGATION OF AUTHORITY**

**4-1. PURPOSE.** Establish authority for signing purchase and purchase related documents.

**4-2. PROCEDURES.**

a. The Executive Director; Senior Director, Strategic Communications and Plans and the Director, Logistics have authority to sign purchase and purchase related documents without regard to dollar limit.

b. To the Chief, Contracting Management, the same as above except:

- 1) Acquisitions are limited to \$5 million and below.
- 2) Ratifications.

c. To the Contracting Specialist acquisition authority is limited to \$100,000 and below except commercial purchases are limited to \$1 million and below.

d. To the Contracting Technician acquisition authority is limited to \$100,000 and below.

e. To region and wing commanders authority to make purchases subject to availability of funds and other required approvals. Acquisitions in excess of \$25,000 require LGC and GC review prior to signature. (See Sec. D, Chapter 5 for Facilities Projects)

f. To Aircraft Maintenance and Transportation Program Managers and Aircraft Technician authority to make purchases up to \$25,000 for authorized maintenance and repair work.

g. The Chief, Contracting Management reviews documents prior to obtaining signatures by the Executive Director; Senior Director, Strategic Communications and Plans, or Director, Logistics.

h. Commercial items are defined as those items purchased by the general public for the same or similar use with little or no alterations to accommodate unique requirements.

**4-3. RESPONSIBILITIES.** Contracting personnel insure documents have the proper signature authority and sufficient funds.

**4-4. CONTROL.** The Director, Logistics is responsible for overall management of this procedure.

## CHAPTER 5—PREFERRED VENDOR POLICIES

**5-1. PURPOSE.** Establish procedures for soliciting and awarding transactions to preferred vendors.

**5-2. PROCEDURES.**

**a. Preferred Vendor Definitions.**

1) Small Business - Independently owned and operated; not dominant in its field of operation; number of employees or average annual receipts do not exceed limits established in North American Industry Classification System (NAICS).

2) Small Disadvantaged Business - A small business owned and controlled by one or more individuals who are socially or economically disadvantaged including African Americans, Asian-Indian Americans, Hispanic Americans, Native Americans and Asian Pacific Americans.

3) Woman Owned Business - A small business that is owned and controlled by women who are United States citizens.

**b. Small Business Specialist.**

1) The Chief, Contracting Management is the Small Business Specialist for CAP.

2) Duties include:

a) Establishing procedures for utilizing SB/SDB/WOB firms.

b) Establishing guidance for buyers.

**c. Guidance.**

1) Self-certification is acceptable for determining the category and size of an offeror.

2) Protests of a small business representation of an offeror are only accepted from firms who submitted an offer on the solicitation. The protestor must submit clear, convincing and factual evidence to support their protest. The Chief, Contracting Management, as the Small Business Specialist, rules on the merit of the protest.

**5-3. RESPONSIBILITIES.** The Small Business Specialist is responsible for this program.

**5-4. CONTROL.** The Director, Logistics exercises overall management supervision of these procedures.

**CHAPTER 6—REPORTS**

**6-1. PURPOSE.** Establish procedures for reporting awards by business type.

**6-2. PROCEDURES.**

**a.** Prior to the 5th of each month, a report is submitted to the Executive Director and CAP-USAF/LG reflecting the dollar value on all transactions issued during the previous month by the Contracting division. Open market actions, line items and dollars awarded are consolidated and reported as awards to small, small disadvantaged, woman owned, and large businesses. Actions with government source, nonprofit and utility vendors are reported but not factored into the percentages.

**b.** For reporting purposes, the month ends on the 25th or the next scheduled workday if the 25th is a weekend or holiday. The only exception is the month of September, which is carried through to the 30th.

**c.** Copies of all documents submitted are maintained in the Contracting office file.

**d.** Contracting reports are not designed to balance against reports generated by Accounting, Budget or any other organization.

**6-3. RESPONSIBILITIES.** Contracting personnel are responsible for correct input of all transactions.

**6-4. CONTROL.** The Executive Director exercises overall management through the Director, Logistics and the Chief, Contracting Management.

**CHAPTER 7—FORMS, PROVISIONS AND CLAUSES**

**7-1. PURPOSE.** Establish acquisition forms, provisions and clauses for solicitations, purchase orders and contracts.

**7-2. PROCEDURES.** Acquisition forms, clauses, provisions, representations and certifications and other related documents are maintained electronically on the N-Drive.

**7-3. RESPONSIBILITIES.** The Chief, Contracting Management maintains currency of all documents.

**7-4. CONTROL.** The Chief, Contracting Management exercises overall management.

## CIVIL AIR PATROL

### CHAPTER 8—PRODUCT DEMONSTRATIONS

**8-1. PURPOSE.** Establish procedures for accepting product demonstrations.

**8-2. PROCEDURES.**

- a. Product Demonstration – temporary no cost or liability loan of an item to test for suitability.
- b. Any vendor proposing a product demonstration completes the Save and Hold Harmless Agreement at Tab 1.
- c. As a general rule, product demonstrations are limited to a maximum of 30 days. A longer period requires NHQ CAP/LGC review.
- d. Product demonstrations are not used to compensate for funding or equipment shortfalls.
- e. Items may be purchased in place after the demonstration, provided that they were new when placed or a waiver for new is signed by the director or wing commander.
- f. Purchases conform to the requirements stated elsewhere in the regulation.
- g. Demonstrations require approval by a corporate official.

**8-3. RESPONSIBILITIES.** Individuals receiving the demonstration complete the required form (Tab 1) and obtain signatures.

**8-4. CONTROL.** Department directors, National Commander, region and wing commanders approve and monitor demonstrations.

**PRODUCT DEMONSTRATION  
SAVE AND HOLD HARMLESS AGREEMENT**

*(insert company name)*, hereinafter referred to as vendor, agrees that the Civil Air Patrol, it's officers, employees and members, hereinafter referred to as CAP, are under no obligation now or in the future to purchase any product covered by this agreement.

The vendor agrees to save and hold harmless CAP from any and all costs associated with the demonstration, including those arising from damage or theft.

The parties agree the demonstration shall commence on *(insert date)* and end on *(insert date)*. NOTE: Any period longer than 30 days requires written justification from the receiver and NHQ CAP/LGC approval.

**Description of Product covered by this agreement:**

*(Include make, model and serial number of equipment, condition, i.e., new, reconditioned, used, good, fair, etc., and make note of any dents marks or other flaws or blemishes.)*

\_\_\_\_\_  
VENDOR SIGNATURE

\_\_\_\_\_  
CAP SIGNATURE (Corporate Officer Only)

\_\_\_\_\_  
PRINTED NAME

\_\_\_\_\_  
PRINTED NAME

\_\_\_\_\_  
ADDRESS

\_\_\_\_\_  
TITLE

\_\_\_\_\_  
CITY, STATE AND ZIP

\_\_\_\_\_  
TELEPHONE NUMBER

\_\_\_\_\_  
TELEPHONE NUMBER

\_\_\_\_\_  
LGC APPROVAL (IF REQUIRED)

## CHAPTER 9—ACQUISITION PLANNING

**9-1. PURPOSE.** Provide guidance for planning of acquisitions estimated to exceed \$100,000.

**9-2. PROCEDURES.**

- a. Advance planning is critical to ensure major acquisitions are timely, accurate and complete.
  - b. Requiring activities notify the Chief, Contracting Management as soon as a requirement becomes known.
    - 1) LGC, the requiring activity and other interested parties meet to discuss the requirement, procurement strategy, lead-time and other aspects relating to the purchase.
    - 2) The group works to refine and define the requirement:
      - a) The requiring activity, and other interested parties shall develop a clear and accurate description of technical requirements for the material, product or service to be procured.
      - b) Competitive procurements shall not contain features that unduly restrict competition.
      - c) LGC and the requiring activity shall develop requirements which the bidder/offeror must fulfill and all other factors to be used in evaluating bids or proposal
      - d) Whenever practicable a description of technical requirements in terms of functions to be performed or performance required, including the range of acceptable characteristics or minimum acceptable standards will be developed.
      - e) Develop the specific features of “brand name or equal” descriptions that bidders are required to meet when such items are included in a solicitation.
      - f) The acceptance, to the extent practicable and economically feasible, for products and services dimensioned in the metric system of measurement.
      - g) Preference, to the extent practicable and economically feasible, for products and services that conserve natural resources, protect the environment, and are energy efficient.
    - 3) If a sole source or other restricted competition acquisition is planned, prepare the necessary justification and obtain approval.
    - 4) Complete as much pre-acquisition work as possible in order to facilitate contract award.
  - c. Unfunded Requirements.
    - 1) Unfunded requirements are known requirements for which funds have not been allocated but are anticipated.
    - 2) If funding is highly likely, Contracting can issue a solicitation containing a Notice of Funds Availability. To preserve the integrity of the bidding process it is imperative award be made in the current fiscal year or within the first month of the new FY.
    - 3) Solicitation bid expiration is no earlier than October 31 of the following fiscal year.
    - 4) In lieu of submitting a purchase request the requestor prepares and submits a memorandum to Contracting through Budget and other departments (see Sec A, Chapter 1) requesting advance contracting action. It includes the requirement and a statement that there is a high expectation of funds becoming available within a reasonable time.
    - 5) Other departments must approve the requirement as necessary and Budget must concur with likelihood of funding.
    - 6) Once funds become available, the requestor submits a purchase request before Contracting definitizes the acquisition.
    - 7) This process may begin as early as June of each year.
  - d. LGC cannot guarantee award for year-end requests received after these dates.
    - 1) Requirements in excess of \$100,000 – July 15
    - 2) Requirements under \$100,000 – August 31
- 9-3. RESPONSIBILITIES.** Requiring activities notify Contracting when requirements become known and prepare required documents. Contracting performs all related procurement functions.
- 9-4. CONTROL.** Requiring activities and Contracting are responsible for acquisition planning.

**SECTION B—SIMPLIFIED PURCHASING****CHAPTER 1—ACCEPTANCE OF QUOTATIONS/LIMITING COMPETITION**

**1-1. PURPOSE.** Establish procedures and guidelines for limiting competition for open market acquisitions under the simplified acquisition threshold.

**1-2. PROCEDURES.**

**a.** Requests to limit competition should follow the same general format shown in Section A, Chapter 3. Sole source justifications need not be as detailed but must present a sound, logical reason for the action. Price alone is never a reason for sole source.

**b.** Solicitation of three or more vendors is good competition. If only one offer is received, Contracting determines if price is fair and reasonable.

**1)** Non-competitive acquisitions between \$25,000 and \$100,000 require completion of the Small Purchase Pricing Memorandum.

**2)** For those below \$25,000, creation of the award documents is a positive determination.

**c.** If Contracting determines that all quotes are unreasonable, negotiations are conducted with each offeror in the competitive range.

**d.** When necessary to consummate purchases immediately, give the supplier the purchase order number, shipping and billing instructions. The purchase order contains a statement substantially as follows: "Confirming order from (Name) to (Vendor's Representative) on (Date). NO NOT DUPLICATE ORDER."

**e.** Contracting reserves the right to reject any/all offers.

**f.** Prepayment is authorized where necessary.

**1-3. RESPONSIBILITIES.** Contracting insures acceptance is in accordance with directives.

**1-4. CONTROL.** The Chief, Contracting Management exercises overall management and supervision through the Contracting Specialist and Technician.



**CHAPTER 2—AWARD EVALUATION**

- 2-1. PURPOSE.** Provide procedures for dividing awards when more than one low offer is received.
- 2-2. PROCEDURES.** Purchases on one request for quotation are divided when one or more of the following conditions exist:
- a.** Offeror does not stipulate the offer is made on all or none basis.
  - b.** Offeror cannot supply all items or services listed on Request for Quote (RFQ).
  - c.** A substantial savings can be realized by making a split award.
    - 1)** \$50 or more is the basis for determination for BPO calls.
    - 2)** \$100 or more is the basis for determination for purchase orders.
  - d.** Issuance of two or more orders expedites delivery of all items required; provided, all prices are fair and reasonable.
- 2-3. RESPONSIBILITIES.** Contracting is responsible for dividing awards when necessary.
- 2-4. CONTROL.** The Chief, Contracting Management exercises overall management and supervision through the Contracting Specialist and Technician.

### CHAPTER 3—MICROPURCHASES

**3-1. PURPOSE.** Establish micropurchase procedures.

**3-2. PROCEDURES.**

**a.** Micropurchase: Any supplies or services with an aggregate value of \$500 or less. Higher thresholds are considered case-by-case based on written justification submitted to Chief, Budget and Analysis (FMB).

**b.** As with all other requirements the requestor is responsible for obtaining required approvals prior to making the purchase. As a minimum, requestor should coordinate purchase with department budget manager and director.

**c.** Purchases shall be made using the corporate credit card issued by the Director, Financial Management (FM). Field level units (regions and below) are exempt from using the credit card.

**d.** The micropurchase program shall not be used for any of the following:

- 1) Cash advances.
- 2) Any purchase for personal use, regardless of intent to reimburse.
- 3) Subsistence.

**e.** Credit cards are the primary method for micropurchases.

**f.** Splitting requirements to avoid the maximum limitation is forbidden.

**g.** Unauthorized purchases are treated as ratifications. (See Section A, Chapter 1).

**h.** Cardholders are responsible for timely submission to FM of their receipts and summary sheet. Failure to comply may result in loss of card.

**i.** Violations will result in the following actions:

- 1) Counseling for first offense.
- 2) Loss of card for second offense.

**3-3. RESPONSIBILITIES.** Requestors are responsible for purchases within the prescribed micropurchase limits. NHQ CAP/FM is responsible for governing micropurchases.

**3-4. CONTROL.** NHQ CAP/FM controls the micropurchase program.

**CHAPTER 4—DELINQUENT ITEMS**

**4-1. PURPOSE.** Provide procedures for follow-up on delinquent items.

**4-2. PROCEDURES.**

**a.** Open Purchase Requests. Requests are followed up upon notification by the originator.

**b.** Awarded Purchase Requests:

**1)** Follow-up is performed on an exception basis.

**a)** Activities requesting the supplies or services are responsible for notifying Contracting of delinquencies by the 6th day following scheduled delivery date.

**b)** Upon notification of an apparently delinquent order, Contracting initiates follow-up action using either verbal or written communications. Files contain documentation evidencing the action taken.

**c)** When continuing delivery problems are experienced, the Chief, Contracting Management is consulted.

**2)** When the vendor receives an extension and a new estimated delivery date (EDD) is established, the requestor is notified via computer input or other means.

**4-3. RESPONSIBILITIES.** Contracting ensures timely follow-up action and customer notification.

**4-4. CONTROL.** The Chief, Contracting Management manages the follow-up program.

**CHAPTER 5—CONTRACT MAINTENANCE POLICY**

**5-1. PURPOSE.** Establish policy for the use of contract maintenance.

**5-2. PROCEDURES.**

**a.** Contract maintenance is maintenance and repair of material and equipment performed under contract by commercial vendors on a one time or continuing basis.

**b.** Each organization is responsible for delivering or arranging delivery of items to the repair source, and receiving, inspecting, and accepting the item after repairs are completed. The organization also maintains all warranty/guarantee information on new/repaired items.

**c.** Contracting determines the most appropriate and economical method of purchase.

**d.** If significant cost savings or other benefits can be realized, the Chief, Contracting Management authorizes prepayment of repair/maintenance orders.

**5-3. RESPONSIBILITIES.** Contracting is responsible for monitoring the contract maintenance system.

**5-4. CONTROLS.** The Chief, Contracting Management exercises overall management control.

**CHAPTER 6—CONTRACT MAINTENANCE PROCEDURES**

**6-1. PURPOSE.** Provide procedures applicable to requests for contract maintenance.

**6-2. PROCEDURES.**

a. The requestor determines whether an item should be repaired or condemned.

b. Upon receipt of a properly completed request, Contracting approves the vendor selected or selects a vendor and notifies requestor to arrange transportation of the item, including preparation of any required shipping documents unless on-site repair is necessary.

c. If quoted repair cost exceeds the Maximum Repair Allowance (MRA) or vendor recommends condemning, Contracting notifies the requestor. As a general rule, the MRA is 75 percent of the acquisition cost of a replacement item unless other regulations or directives prevail.

1) If requestor agrees to condemn the equipment, they make arrangements to have it returned.

2) If requestor desires to proceed with the repairs, they prepare a written justification explaining why the MRA should be exceeded. Upon receipt of the justification, Contracting authorizes the repairs.

d. If the quoted repair cost does not exceed the maximum repair allowance and price is fair and reasonable, Contracting authorizes repairs.

e. Aircraft and vehicle repair quotes are obtained by the wing or LGM/LGT. They are submitted to LGC for action except as provided in A4-2.e.

**6-3. RESPONSIBILITIES.** Contracting is responsible for processing contract maintenance requests.

**6-4. CONTROL.** The Chief, Contracting Management exercises overall management control.

**CHAPTER 7—PREVENTIVE MAINTENANCE AGREEMENT (PMA)**

**7-1. PURPOSE.** Provide procedures for establishment and administration of PMAs.

**7-2. PROCEDURES.**

a. PMAs are established for CAP owned equipment for which regular maintenance is required. They are written with commercial businesses offering the service and cover such items as regular inspections, intervening calls, emergency calls, and may include the cost of all parts and labor. The requestor recommends the extent of maintenance required on their request or in the statement of work. The user should request that the agreement start after expiration of the warranty.

b. Generally, PMAs are written with either the equipment manufacturer or the nearest authorized service center.

c. Contracting accomplishes the following:

1) Negotiate and award PMA to cover all requests received for which a commercial source is available and for which it is economical to do so.

2) PMAs include:

a) Extent and nature of coverage.

b) Service call response time (normally expressed in work hours).

c) Persons authorized to place calls, preferably by position rather than name.

d) Pricing.

e) Type of item covered.

**7-3. RESPONSIBILITIES.** Contracting establishes and administers PMAs.

**7-4. CONTROL.** The Chief, Contracting Management exercises overall management of this program.

**CHAPTER 8-BLANKET PURCHASE ORDERS**

**8-1. PURPOSE.** Establish procedures for Blanket Purchase Order (BPO) program.

**8-2. PROCEDURES.**

a. BPOs are established with vendors, by the issuance of a purchase order. The BPO establishes a charge account with selected vendors to provide supplies or services, or serves as a vehicle to pay recurring charges such as utility bills.

b. No individual action may exceed \$100,000.

c. The Chief, Contracting Management authorizes establishment of BPOs. As a minimum, consideration is given to such factors as frequency of use, administrative savings and types of supplies or services required.

d. Contracting maintains files of documentation and transactions concerning each BPO. Files include as a minimum:

- 1) Copy of BPO.
- 2) Documents relating to each transaction.
- 3) Summary of expenditures.
- 4) Copies of any other correspondence generated pertinent to the order.

e. All other rules governing simplified purchase procedures, i.e., competition, price reasonableness apply.

f. Distribute BPOs as follows:

- 1) Original to vendor.
- 2) Copy one to file.
- 3) Copy two to Accounting.

g. The order contains substantially the same information as follows:

1) BPOs are written for 1 year or less expiring on Sep 30. They may be used to acquire any supplies/services the vendor sells.

2) Prices charged by the vendor shall be as low or lower than those charged to the vendor's most favored customer for comparable quantities under similar terms and conditions.

3) No individual action against this BPO shall exceed \$100,000.

4) Obligations occur only to the extent of authorized purchases against this BPO. If funding threshold has been established for the BPO, the words "NOT TO EXCEED" appear above the order total.

5) Individuals Authorized to make transactions. Individuals in the following positions are authorized to place utilize this BPO:

Director, Logistics  
Chief, Contracting Management  
Contracting Personnel

6) Deliveries must be accompanied by a delivery ticket/sales slip. This delivery ticket/sales slip must contain enough of the following data to identify the action and permit processing:

Name of vendor  
BPO number  
Itemized list of supplies or services furnished including quantities, unit price and extended total  
Date of delivery

7) An itemized invoice for each call or a summary invoice (monthly statement) is required for payment. Send invoice to:

NHQ CAP/FMF  
105 S. Hansell St., Bldg 714  
Maxwell AFB, AL 36112-6332

8) Delivery destination will be specified at time order is placed.

9) Either party may terminate this order by giving a written notice of its intent 30 days prior to the effective date of the termination. Unless otherwise specified, all undelivered actions remain in effect.

10) All potentially hazardous material must be accompanied by a Material Safety Data Sheet (MSDS) upon delivery.

**8-3. RESPONSIBILITIES.** Contracting is responsible for proper procedures and computer inputs. Directors are responsible for proper requisitioning and resource management.

**8-4. CONTROL.** The Chief, Contracting Management is responsible for the BPO program.



**CHAPTER 9—RECEIVING REPORTS**

**9-1. PURPOSE.** Establish procedures for acknowledging receipt and acceptance of supplies and services.

**9-2. PROCEDURES.**

a. Requestors prepare receiving reports to notify the Chief, Accounting (FMF) when supplies or services have been received and accepted.

b. Receiving reports may be accomplished as follows:

1) Signature on the purchase document.

2) Signature on the invoice.

3) Electronic (e-mail) citing award document number, complete or partial receipt. If partial, cite items received and quantities or percentage of work completed.

a) Accounting notifies the requestor when an invoice is received and no receiving report is on file.

b) Disputes regarding quality of supplies or services, quantities received, or other issues are resolved by Contracting.

**9-3 RESPONSIBILITIES.** The requestor is responsible for notifying FMF when supplies or services are accepted and proper for payment. Contracting resolves disagreements.

**9-4. CONTROL.** FM exercises overall control on receiving reports.

## SECTION C—SOLICITATIONS AND CONTRACTS

### CHAPTER 1—PRESOLICITATION REQUIREMENTS

**1-1. PURPOSE.** Provide procedures for purchases to be made by contract.

**1-2. PROCEDURES.**

a. Requirements for supplies or services are received from the requestor. The Chief, Contracting Management reviews the requirement prior to initiating procurement action.

b. Contracts may be written for any period, subject to availability of funds at time of award.

c. The Contracting Specialist prepares the solicitation file, solicitation and related paper work, assembles the file and submits it to the Chief, Contracting Management for ad hoc review prior to release.

d. Solicitation Mailing List

1) The initial solicitation mailing list is prepared with sufficient prospective offerors to insure adequate competition and preference for preferred vendors.

2) Names of concerns debarred from entering into government contracts or otherwise determined ineligible are not placed on a mailing list. Use *The List of Parties Excluded from Federal Procurement or Nonprocurement Programs* and other information received to check each offeror for eligibility.

e. Publicizing Open Market Acquisitions.

1) Acquisitions in excess of \$100,000 may be posted in *FEDBIZOPS*. Factors to consider when deciding whether to publicize include:

a) Sole source acquisitions are not required to be publicized.

b) Increase participation of preferred vendors.

2) Acquisitions below the thresholds shown above may be synopsisized at the discretion of the Chief, Contracting Management, considering the extent of the existing source base, type of work or supplies involved, or any time constraints related to a particular acquisition.

3) Once synopsisized the acquisition advertising cycle will not be less than 20 days.

4) Acquisitions may also be posted on the CAP website.

**1-3. RESPONSIBILITIES.** Contracting is responsible for processing requirements in accordance with current directives.

**1-4. CONTROL.** The Chief, Contracting Management exercises overall management control.

**CHAPTER 2—AD HOC REVIEW OF SOLICITATIONS AND CONTRACTS**

**2-1. PURPOSE.** Establish review procedures for open market contractual actions.

**2-2. PROCEDURES.**

**a. Solicitation Reviews.**

- 1) The Chief, Contracting Management reviews solicitations estimated to exceed \$100,000.
- 2) Review takes place prior to reproduction of the solicitation or posting to the website. The Chief makes a written record of comments. The record and response become a permanent part of the file.
- 3) File is reviewed to insure required pre-solicitation documents are on-hand, accurate, and properly filed. Solicitation is reviewed to determine if required clauses are incorporated, bidding documents are complete and professional in appearance, evaluation factors for award are spelled out clearly and any specifications or drawings are acceptable.
- 4) Solicitations estimated under \$100,000 are reviewed if the resultant award is to be a contract.

**b. Contract Reviews.**

- 1) The Chief, Contracting Management reviews contracts, regardless of dollar value.
- 2) Review takes place prior to signature of the contract. The Chief makes a written record of comments. Comments and responses become a permanent part of the file.
- 3) The file is reviewed to insure all pre-award actions are complete and award documents are on hand, accurate and professional in appearance.

**2-3. RESPONSIBILITIES.** The Contracting Specialist is responsible for obtaining required reviews.

**2-4. CONTROL.** The Chief, Contracting Management exercises overall management of ad hoc reviews.

**CHAPTER 3—AMENDMENT OF SOLICITATIONS**

**3-1. PURPOSE.** Provide procedure for amending solicitations.

**3-2. PROCEDURES.**

**a.** If it becomes necessary to make revisions to the solicitation the following procedure applies:

**1)** Changes are announced by an amendment to the solicitation.

**2)** If the revisions have a material effect on price or performance the solicitation period is extended. As a general rule offerors are allowed 10 days between the issue date of an amendment and the opening date. A shorter time is allowed when considered appropriate and approved by the Chief, Contracting Management.

**b.** The amendment receives the same distribution as the original solicitation minus any offerors who returned their packages as “No Bids.”

**3-3. RESPONSIBILITIES.** Contracting is responsible for preparation and issuance of all amendments.

**3-4. CONTROL.** The Chief, Contracting Management exercises overall management of amendments.

**CHAPTER 4—CONTRACT AWARD**

- 4-1. PURPOSE.** Provide procedures for contract award.
- 4-2. PROCEDURES.**
  - a. Make award pursuant to solicitation evaluation criteria.
  - b. Use \$250 as evaluation criteria for making multiple awards.
  - c. The contract is assigned a number from the control register.
  - d. Files for awards in excess of \$100,000 shall include:
    - 1) Basis for contractor selection
    - 2) Justification for lack of competition
    - 3) Basis for award cost or price.
- 4-3. RESPONSIBILITIES.** Contracting is responsible for contract awards.
- 4-4. CONTROL.** The Chief, Contracting Management exercises overall management of contract awards.

**CHAPTER 5—REQUIREMENTS CONTRACTS**

**5-1. PURPOSE.** Provide procedure for filling customer requirements over an extended period of time when exact quantities/delivery dates aren't known.

**5-2. PROCEDURES.**

- a. Customer provides estimated quantities.
  - 1) Must be reasonable estimates made in good faith. Use of historical data recommended.
  - 2) Must have reasonable expectation of funding some portion of the quantities or items.
- b. Contract period is not limited to 1 year. Consideration will be given to the type of requirement, stability of the market, and funding priorities.
- c. Ordering authority may be delegated to the requestor provided there are funds on the contract or delivery order.

**5-3. RESPONSIBILITIES.** Contracting is responsible for the proper use of Requirements Contracts.

**5-4. CONTROL.** The Chief, Contracting Management exercises overall management for this procedure.

**CHAPTER 6—CONTRACT CHANGES**

**6-1. PURPOSE.** Provide procedures for processing changes to contracts.

**6-2. PROCEDURES.**

**a. Requestor Changes.**

- 1) A change proposed by a requestor must include applicable specifications, justification and cost estimates.
- 2) Upon receipt of proposed changes, Contracting reviews documents for completeness and accuracy. Errors, if any, are discussed with the Chief, Contracting Management and a course of action determined. If necessary, Contracting obtains a revised estimate prior to beginning any negotiations.
- 3) Contracting conducts negotiations with the contractor to establish cost and any time extension.
  - a) If agreement is reached on a fair and reasonable price, the change is executed.
  - b) If no agreement is reached, Contracting returns the proposed change to the requestor for a decision on whether to pursue the change.

**b. Contractor Proposed Changes.**

- 1) Contractor proposed changes are submitted to Contracting and include proposed cost, justification, impact if not changed, and time extension, if applicable. Proposal is forwarded to the customer for validation and cost estimate.
- 2) The customer forwards proposed change to Contracting indicating whether contractor's proposal is acceptable. If not acceptable, due to price, time extension, etc., the customer provides an analysis in sufficient detail to permit negotiations. Upon completion of negotiations and determination that the proposal is fair and reasonable, the change is executed.

**c.** Changes under \$25,000 are negotiated without a detailed cost estimate. The customer submits a lump sum estimate for the change together with the details of the change. The contractor provides cost in lump sum form also. Contracting may ask either party to provide additional details to facilitate negotiations.

**d.** Contracting processes requests for time extensions. The final determination to grant a time extension is made by the Chief, Contracting Management.

**e.** Documentation. Procurement documents negotiations to include items discussed and resolution.

**6-3. RESPONSIBILITIES.** Contracting is responsible for changes to contracts.

**6-4. CONTROL.** The Chief, Contracting Management exercises overall management of changes to contracts.

## CHAPTER 7—DELINQUENT PERFORMANCE ACTIONS

**7-1. PURPOSE.** Establish procedures for complete or partial termination of contracts for default or convenience.

**7-2. PROCEDURES.**

**a. Definitions.**

1) **Claim:** A written demand by one of the parties seeking payment of money, adjustment of contract terms or other relief under the terms of the contract.

2) **Continued Portion of the Contract:** Portion of terminated contract that the contractor must continue to perform.

3) **Effective Date of Termination:** Date contractor will stop performance under the contract.

4) **Partial Termination:** Termination of a part, but not all, of the work not completed and accepted under a contract.

5) **Settlement Agreement:** A written agreement to a contract in amendment form settling all or a severable portion of a settlement proposal.

6) **Terminated Portion of the Contract:** That portion of a terminated contract relating to work or end items not completed and accepted before effective date of termination that the contractor is not to perform.

7) **Delinquent Performance:** Occurs when a contractor fails to deliver or perform within the prescribed delivery times and failure to perform does not arise from causes beyond the control and without the fault or negligence of the contractor i.e., strike, act of God, etc..

8) **Dispute:** A disagreement between the contract parties. Disputes are resolved through ascending levels of management of the respective parties. Judicial actions are adjudicated in the state of Alabama.

**b. When Contracting determines a contractor delinquent and the contract file contains no documented explanation for the delay, the following courses of action are available:**

1) Prepare Apparent Delinquent Performance Notification (Tab 1) and send it by certified mail, return receipt requested, or hand deliver to the contractor and obtain acknowledgment.

2) If the contractor's performance has not improved by the suspense date set in the delinquent notification a Cure Notice (Tab 2) is issued provided that the number of days remaining in the performance period is at least equal to the suspense time allowed in the Cure Notice. If the number of days remaining is insufficient, a Show Cause Notice (Tab 3) is issued. NOTE: Responses to apparent delinquent notification and Cure Notice need not always be in writing. For example, the contractor returns to intended progress or submits required documents. The final decision on the adequacy of any response rests with the Director Logistics.

3) If a satisfactory response is not received by the suspense date set forth in the Cure Notice, a Show Cause notice may be issued. In lieu of a Show Cause, a Warning Letter (Tab 4) may be sent as a means of making the contractor aware of our intent to take default action. Contracting and the Director, Logistics meet and review the response. At this time a decision is made to extend the performance period, carry the contract in a delinquent status, or terminate for default if a Show Cause was issued. If a warning letter was issued, the same people meet to determine if a Show Cause is warranted. Contracting reduces the decision to writing, including the rationale for the action taken.

4) When a cure or Show Cause notice is issued, progress payments are suspended until the matter is resolved to the satisfaction of the parties concerned.

5) If the decision allows the contractor to continue performance in a delinquent status, a Letter of Forbearance (Tab 5) is sent. During periods of forbearance, progress payments are authorized provided the contractor is making satisfactory progress.

6) If it is decided to terminate, a Notice of Termination (Tab 6) is prepared and issued either in person or by certified mail. Contracting commences re-procurement action immediately upon issuance of the notice.

7) **During reprocurement** Contracting contacts at least three firms for competitive proposals. The original bid abstract may be used as a bidder's list.

8) Terminated contract files are held open until all work on the re-procurement contract is complete and all outstanding claims are settled.

9) The actions outlined in subparagraphs b1) and b2) above are applied to the correction of administrative shortcomings such as lack of or late payrolls, progress reports, submittals, etc. Use of the Show Cause notice or termination action is not recommended.



**10)** CAP may, at its option, exclude contractors from bidding on future contracts if the Director, Logistics determines their past performance on other CAP contracts was not satisfactory. The determination includes references to specific contracts and areas of unsatisfactory performance. The contractor is notified, in writing, of the action and reasons for it. The contractor is given at least 15 days (not more than 30) to respond. If no response is received, the contractor is excluded for a period not to exceed 3 years. If a response is received, it, together with all supporting data, is submitted to the Executive Director for a final determination.

**7-3. RESPONSIBILITIES.** Contracting is responsible for application and enforcement.

**7-4. CONTROL.** The Chief, Contracting Management exercises management supervision of this procedure.

**APPARENT DELINQUENT PERFORMANCE NOTIFICATION**

A review of your contract file disclosed (insert problem area or areas).

Request you take action to correct the aforementioned areas or provide in writing any facts that are contributing to the problem. Your reply is required within \_\_\_\_ days after receipt of this notice.

**CURE NOTICE**

You are hereby notified that the Civil Air Patrol Contracting Management Office considers your (specify contractor failure/failures) as a condition endangering performance of this contract. Unless this condition is cured within 10 days after receipt of this notice, (insert longer period if determined necessary) CAP may terminate for default under the terms and conditions of this contract.

**SHOW CAUSE NOTICE**

Since you failed to (insert "perform Contract No. \_\_\_\_\_ within the time required for its terms" or "cure the condition(s) jeopardizing performance under Contract No. \_\_\_\_\_ as described to you in our letter dated \_\_\_\_\_), CAP is considering terminating the contract per provisions of the Clause entitled Default. Pending a final decision in this matter, it is necessary to determine whether failure to perform arose from causes beyond your control and without fault or negligence on your part. You are hereby given the opportunity to present, in writing, facts bearing on the questions to the Chief, Contracting Management within, but, not later than 10 days after receipt of this notice. Failure to present any excuses within this time is considered an admission that none exists. Your attention is invited to the respective rights of the contractor and CAP and the liabilities that may be invoked if a decision is made to terminate for default.

Any assistance given to you on this contract or any acceptance by CAP of delinquent goods or services is solely for the purpose of mitigating damages, and it is not the intention of CAP to condone any delinquency or to waive any rights it may have under the contract.

**WARNING LETTER**

In your response to our Cure Notice you told us you would \_\_\_\_\_. Your representative informed us \_\_\_\_\_. We have now learned that will not be the case. The responsibility for these delays rests solely on your company.

We are rapidly approaching the \_\_\_\_\_ point in your performance period and have yet to see or hear anything that would encourage us to believe you will complete this contract on time. We have shown great patience and tolerance while waiting for your firm to commence delivery. That ends with this letter.

In the interest of mitigating potential damage to your firm, we elected not to issue a Show Cause notice at this time, but instead are giving you this last opportunity to get this contract moving. Do not mistake this action as unwillingness on our part to do what must be done if you don't begin showing substantial progress. While we would take such action reluctantly, we will if forced to do so.

You have 10 days from the date of this letter to commence delivery or we will exercise our contractual prerogatives. Further written or telephonic correspondence from your firm is unnecessary.

**LETTER OF FORBEARANCE**

You are hereby notified that Civil Air Patrol has evaluated your response to our Show Cause notice and found that your failure to perform arose out of causes over which you had control. However, in the interests of mitigating damages that would result from a default action we have elected to allow you to continue performance on your contract in a delinquent status.

This is the exercise of a unilateral right of CAP and may be withdrawn if you take written exception within 10 days to any of the following conditions:

All terms and conditions of the contract as originally written and subsequently modified remain in full force and effect.

All remaining work shall be completed not later than (insert calendar date).

CAP reserves the right to terminate this period of forbearance at any time.

**NOTICE OF TERMINATION**

You are hereby notified that your contract number C-\_\_\_\_\_, covering \_\_\_\_\_, (hereinafter referred to as "the contract"), is terminated effective (date). You are ordered to cease all work except to the extent that the Chief, Contracting Management for Civil Air Patrol authorized you to continue for reasons of safety or to clear equipment.

This notice is the result of your failure to (insert reason). CAP will not entertain any appeals.

Payments under this contract are suspended until reprourement actions are completed and CAP determines a full accounting of your liability for any excess reprourement costs.

Failure to notify CAP, in writing, of any pending legal proceedings regarding this action within 30 days of the date of this letter shall be construed as a waiver of any and all claims.

## SECTION D—SPECIAL PROCEDURES

### CHAPTER 1—SALE OF AIRCRAFT (NATIONAL HEADQUARTERS TRANSACTIONS ONLY)

**1-1. PURPOSE.** Establish procedures for sale of Civil Air Patrol aircraft.

**1-2. PROCEDURES.**

a. Sales are initially conducted via sealed bid.

b. There is no written solicitation. Sales are publicized in at least two major trade magazines, i.e., Trade-A-Plane, Aero Trader, etc., and on the CAP website.

1) The Contracting Specialist coordinates ad placement with the Chief, Aircraft Management.

2) Advertisement includes the following:

a) Time, place and date sealed bids will be opened. Allow sufficient time between expected appearance of the ad and bid opening.

b) A description of the aircraft to include make, model, year, hours, etc.

c) The phrase "All aircraft sold 'as is, where is' no expressed or implied warranties arising from statements in the aircraft and engine log books."

d) A minimum bid amount.

e) A five percent deposit required in a cashiers check, certified check or money order made payable to Civil Air Patrol. The balance is required in the same form.

f) Successful offeror has 30 days (a lesser number of days may be specified) to satisfy the bid balance or forfeit the deposit or the difference between their bid and the next low bidder, whichever is less.

g) If two or more bids are equal, selecting the earliest bid received breaks the tie.

h) Bid openings are open to the public.

i) Late bids.

1 Late hand carried bids are not accepted.

2 Late bids received via USPS, FedEx, UPS, etc. are analyzed to determine if they were sent in sufficient time. Consultation with the delivery agent to determine sufficient time is recommended.

j) Award is made to the highest responsive bidder at or above the minimum bid.

3) Notify unsuccessful bidders immediately but hold deposits in FM until awardee furnishes balance.

4) Prepare an Aircraft Sales Agreement (Tab 1) prior to bid opening and, if the successful bidder attends the opening, finalize the agreement and obtain signatures. Otherwise, mail the agreement.

c. Negotiation.

1) If no bids are received or are responsive, the Contracting Specialist will negotiate the sale.

a) Run advertisement as above, eliminating references to public bid opening, minimum bid and deposit.

b) Review offers with LGM and determine course of action.

2) LG approves all negotiated sales prior to execution.

**1-3. RESPONSIBILITIES.** The Contracting Specialist conducts sales. The Chief, Contracting Management is responsible for sales. The Chief, Aircraft Management provides technical assistance.

**1-4. CONTROL.** The Director, Logistics approves sales action.



**CIVIL AIR PATROL  
AIRCRAFT SALES AGREEMENT**

**CAP-(FY)-S(XXX)**

This Agreement, entered into on *(insert date)* for the sale of the aircraft listed below, is by and between Civil Air Patrol, hereinafter referred to as "Seller" and *(insert buyer name)*, hereinafter referred to as "Buyer."

Notwithstanding any laws, rules or regulations to the contrary, Seller offers no warranties, expressed or implied, of any kind.

Aircraft sold as is, where is. Buyer takes possession at aircraft location and is responsible for all aircraft movement after that, including any costs associated with that movement.

Buyer agrees to make payment by cashiers check, certified check or money order in the amount specified in United States currency within *(insert days)* days from *(insert date)*. If payment is not made, Buyer forfeits entire deposit or difference between bid amount and next highest, responsive bid, whichever is less. Bid responsiveness is determined solely by the Seller.

Seller will provide all necessary documents at the time of payment.

Seller is responsible for removal of all CAP markings prior to sale.

**SALE AMOUNT: \$**

**DESCRIPTION OF AIRCRAFT:**

\_\_\_\_\_  
BUYER SIGNATURE

\_\_\_\_\_  
SELLER SIGNATURE

\_\_\_\_\_  
PRINTED NAME

\_\_\_\_\_  
PRINTED NAME

\_\_\_\_\_  
ADDRESS

\_\_\_\_\_  
ADDRESS

\_\_\_\_\_  
CITY, STATE, ZIP

\_\_\_\_\_  
CITY, STATE, ZIP

\_\_\_\_\_  
TELEPHONE

\_\_\_\_\_  
TELEPHONE

**CHAPTER 2—SALE OF VEHICLES (NATIONAL HEADQUARTERS TRANSACTIONS ONLY)**

**2-1. PURPOSE.** Establish procedures for outright sale of Civil Air Patrol vehicles.

**2-2. PROCEDURES.**

- a. Sales are conducted via sealed bid.
  - b. There is no written solicitation. Sales are publicized in local newspapers and on the CAP website.
    - 1) The Contracting Specialist coordinates ad placement with the Chief, Transportation Management.
    - 2) Advertisement is constructed in accordance with standard commercial practice and includes the following:
      - a) No warranties, expressed or implied.
      - b) A minimum bid amount.
      - c) A five percent deposit required in a cashiers check, certified check or money order made payable to Civil Air Patrol. (The balance is required in the same form.)
      - d) Time, place and date sealed bids will be opened. (Allow sufficient time between expected appearance of the ad and bid opening.)
      - e) If two or more bids are equal, selecting the earliest bid received breaks the tie.
      - f) Bid openings are open to the public.
      - g) Late bids.
        - 1 Late hand carried bids are not accepted.
        - 2 Late bids received via USPS, FedEx, UPS, etc. are analyzed to determine if they were sent in sufficient time. Consultation with the delivery agent to determine sufficient time is recommended.
      - h) Award is made to the highest responsive bidder at or above the minimum bid.
    - 3) Notify unsuccessful bidders immediately but hold deposits in FM until awardee furnishes balance.
    - 4) Prepare a Vehicle Sales Agreement (Tab 1) prior to bid opening and, if the successful bidder is available, finalize the agreement and obtain signatures. Otherwise, mail the agreement.
  - c. Negotiation.
    - 1) If no bids are received or are responsive, the Contracting Specialist may negotiate the sale. Run advertisement as above, eliminating references to public bid opening, minimum bid, and deposit. Review offers with LGT and determine course of action.
    - 2) LG approves all negotiated sales prior to execution.
- 2-3. RESPONSIBILITIES.** The Contracting Specialist conducts sales. The Chief, Contracting Management is responsible for sales. The Chief, Transportation Management provides technical assistance.
- 2-4. CONTROL.** The Director, Logistics approves sales actions.

**CIVIL AIR PATROL  
VEHICLE SALES AGREEMENT**

**CAP-(FY)-S(XXX)**

This Agreement, entered into on *(insert date)* for the sale of the vehicle(s) listed below, is by and between Civil Air Patrol, hereinafter referred to as "Seller" and *(insert buyer name)*, hereinafter referred to as "Buyer".

Notwithstanding any laws, rules or regulations to the contrary, Seller offers no warranties, expressed or implied, of any kind.

Vehicle(s) sold as is, where is. Buyer takes possession at vehicle location and is responsible for all vehicle movement after that, including any costs associated with that movement.

Buyer agrees to make payment by cashiers check, certified check or money order in the amount specified in United States currency within *(insert days)* days from *(insert date)*. If payment is not made, Buyer forfeits entire deposit or difference between bid amount and next highest, responsive bid, whichever is less. Bid responsiveness is determined solely by the Seller.

Seller will provide all necessary documents at the time of payment.

Seller is responsible for removal of all CAP markings prior to sale.

**SALE AMOUNT: \$**

**DESCRIPTION OF VEHICLE(s):**

\_\_\_\_\_  
BUYER SIGNATURE

\_\_\_\_\_  
SELLER SIGNATURE

\_\_\_\_\_  
PRINTED NAME

\_\_\_\_\_  
PRINTED NAME

\_\_\_\_\_  
ADDRESS

\_\_\_\_\_  
ADDRESS

\_\_\_\_\_  
CITY, STATE, ZIP

\_\_\_\_\_  
CITY, STATE, ZIP

\_\_\_\_\_  
TELEPHONE

\_\_\_\_\_  
TELEPHONE

**CHAPTER 3—HOTEL BOOKINGS**

**3-1. PURPOSE.** Establish procedures for booking hotels for CAP sponsored National events.

**3-2. PROCEDURES.**

a. CAP directors or authorized representatives negotiate contracts for hotels and related services in support of CAP sponsored National events.

b. Related services include catering, floral arrangements, and other special services provided by the hotel.

c. Contracts are competed to the maximum extent practical given such factors as available facilities within the geographic location.

d. Contracts are submitted to LGC and GC for review prior to signature.

e. Other directors may negotiate hotel bookings for special events. The same rules apply

f. The requestor prepares a purchase request for contracts requiring direct payment to the hotel. Contracting prepares a purchase order incorporating the hotel contract.

**3-3. RESPONSIBILITIES.** Directors are responsible for hotel bookings, ensuring funds are available and obtaining required reviews.

**3-4. CONTROL.** Contracting and General Council review contracts for compliance.

## **CHAPTER 4—FACILITIES PROJECTS**

**4-1. PURPOSE.** Establish procedures for facilities projects.

**4-2. PROCEDURES.**

**a. Definitions.**

- 1) Facilities Projects/Construction: New building or renovation of real property, whether owned or leased.
- 2) Owner: Civil Air Patrol
- 3) A-E: Architect – Engineer firms that design, bid and manage projects.
- 4) Fee: The amount charged by the A-E for services; normally expressed as a percentage of the total cost of the project.
- 5) Additive Items: Desired project features for which funding is uncertain.
- 6) Deductive Items: Prioritized list of bid items to be deducted from the project if sufficient funds are not available.

7) Commander: Region/Wing Commander or designated representative.

**b.** The Commander obtains NEC approval for facility projects estimated to exceed \$25,000 prior to beginning the process. The NEC may seek BoG/NB approval if deemed appropriate. Among elements subject to review are:

- 1) Availability of funds.
- 2) Fund raising promotional materials are accurate, truthful and comply with the law.
- 3) Construction budget is reasonable and realistic.
- 4) Cost/benefit analysis, i.e. a \$1.0 million project on land leased for 5 years with structures reverting to landowner would likely not pass scrutiny.

5) CAP personnel responsible for project management, i.e. Building Committee, Commander are committed, qualified and competent and either have sufficiently qualified volunteers (not associated with the construction contractor) to design and manage the project or are supplemented by an A-E contractor.

6) Funds are available for recurring facility maintenance.

**c. Selecting A-E firm.**

- 1) The Commander contacts at least three firms capable of designing, bidding and managing the project.
  - a) CAP members or their firms need not be excluded from selection process. They cannot receive favorable treatment. They cannot be the Commander.
  - b) Use local Chamber of Commerce, Yellow Pages or other means to identify firms.
- 2) Prepare a short summary of the project, including purpose, estimated cost, approximate dimensions, amenities, etc. Include plans of facilities undergoing renovation. Deliver them to the selected firms for review.
- 3) The Commander interviews each firm to determine their capabilities.
  - a) Get written references from owners of similar projects.
  - b) Get fee.
- 4) After checking references, the Commander selects the firm best suited to the project.
- 5) All actions are documented in writing and retained in project file.

**d. Awarding a contract.**

1) Have A-E prepare the contract. The American Institute of Architects AIA document B151 is suitable for this purpose. It must include:

- a) Fee and payment schedule.
- b) Completion time for design.
- c) Clauses at tab 1.
- d) Responsibilities of the parties.
- e) Scope of A-E basic services.
- f) Owner responsibilities.
- g) Provisions covering disputes, terminations, etc.
- 2) Obtain signatures. Must be signed by a corporate officer for CAP.
- 3) Submit the contract to NHQ CAP/LGC for contract and legal review.

**e. Funding.**

1) The source of funding for construction projects is critical. Projects containing \$2,000 or more of appropriated funds must include the Davis-Bacon Act. Appropriated funds are those monies derived from the federal government regardless of how they were obtained. Consult with NHQ CAP/LGC if project has federal funds.

2) Projects containing state or local funds may also have restrictions. The A-E can determine what, if any, state or local restrictions exist.

3) Do not award contracts for more than the actual amount of funds available at the time of award.

a) If full project funding is not available, use Additive/Deductive items. Tab 2 contains the necessary language.

b) Include a provision allowing the Owner to add Additive/Deductive items to the contract should additional funding become available after contract award. This authority should expire at or near but not after contract completion.

4) The commander is responsible for timely payment of all obligations.

**f. Bonding**

1) The inclusion of a requirement for Bid, Payment and Performance Bonds in construction projects is highly recommended.

2) A Bid Bond is required to be submitted by the bidder with their bid. It guarantees the bidder will obtain Payment and Performance Bonds if selected for award. The Bond is forfeited if the bidder fails to secure the required bonds.

3) Payment Bond guarantees payment to workers, subcontractors and suppliers. It protects the Owner from liens in the event of nonpayment by the contractor.

4) Performance Bond guarantees contractor performance. In the event of Default, the bonding company takes over and finishes the project.

**g. Contract Administration.**

1) The Commander administers the contract with the A-E firm. The A-E firm awards and administers the construction contract on behalf of CAP. Retain copies of both contracts, including changes, in the project file.

2) The Commander should view the project site and consult with the A-E prior to approving progress payments for the contractor. Prepare a memo of the inspection and the A-E consult and place them in the project file.

3) Prepare and file other memos as required to document important contractual events, i.e. meetings, negotiations, etc.

4) File a copy of all contract related correspondence in the project file.

**4-3. RESPONSIBILITIES.** The Commander is responsible for insuring Construction Projects comply with this regulation.

**4-4. CONTROL.** The commander exercises management over construction projects. NHQ CAP/LGC reviews and signs A-E contracts.

**TAB 1****ARCHITECT-ENGINEER CLAUSES**

***Liability for Costs Resulting From Design Errors or Deficiencies.*** Architect-engineer shall be responsible for the professional quality, technical accuracy, and coordination of all services required under their contracts. A firm may be liable for costs resulting from errors or deficiencies in designs furnished under this contract. Therefore, when a modification to a construction contract is required because of an error or deficiency in the services provided under an architect-engineer contract, CAP shall consider the extent to which the architect-engineer contractor may be reasonably liable. CAP shall enforce the liability and collect the amount due, if the recoverable cost will exceed the administrative cost involved or is otherwise in CAP's interest.

***Design Within Funding Limitations.***

(a) The architect-engineer shall design the project so that construction costs will not exceed a contractually specified dollar limit (funding limitation). If the price of construction proposed in response to a solicitation exceeds the construction funding limitation in the architect-engineer contract, the firm shall be solely responsible for redesigning the project within the funding limitation. These additional services shall be performed at no increase in the price of this contract. However, if the cost of proposed construction is affected by events beyond the firm's reasonable control (e.g., if there is an increase in material costs which could not have been anticipated, or an undue delay by CAP in issuing a construction solicitation), the firm shall not be obligated to redesign at no cost to CAP.

(b) The amount of the construction funding limitation is established during negotiations between the contractor and CAP. This estimated construction contract price shall take into account any statutory or other limitations and exclude any allowances for CAP supervision and overhead and any amounts set aside by CAP for contingencies. In negotiating the amount, CAP will make available to the contractor the information upon which CAP has based its initial construction estimate and any subsequently acquired information that may affect the construction costs.

***Redesign Responsibility for Design Errors or Deficiencies.*** The architect-engineer shall be required to make necessary corrections at no cost to CAP when the designs, drawings, specifications, or other items or services furnished contain any errors, deficiencies, or inadequacies.

**TAB 2****ADDITIVE/DEDUCTIVE ITEMS PROVISION**

- (a) The low offeror and the items to be awarded shall be determined as follows-
- (1) Prior to the opening of bids, the Owner will determine the amount of fund available for the project.
  - (2) The low offeror shall be the Offeror that-
    - (i) Is otherwise eligible for award; and
    - (ii) Offers the lowest aggregate amount for the first or base bid item, plus or minus (in the order stated in the list of priorities in the bid schedule) those additive or deductive items that provide the most features within the funds determined available.
  - (3) The Owner shall evaluate all bids on the basis of the same additive or deductive items.
    - (i) If adding another item from the bid schedule list of priorities would make the award exceed the available funds for all offerors, the Owner will skip that item and go to the next item from the bid schedule of priorities; and
    - (ii) Add that next item if an award may be made that includes that item and is within the available funds.
- (b) The Owner will use the list of priorities in the bid schedule only to determine the low offeror. After determining the low offeror, an award may be made on any combination of items if-
- (1) It is in the best interest of the Owner;
  - (2) Funds are available at the time of award; and
  - (3) The low offeror's price for the combination to be awarded is less than the price offered by any other responsive, responsible offeror.
- (c) **Example.** The amount available is \$100,000. Offeror A's base bid and four additives (in the order stated in the list of priorities in the bid Schedule) are \$85,000, \$10,000, \$8,000, \$6,000, and \$4,000. Offeror B's base bid and four additives are \$80,000, \$16,000, \$9,000, \$7,000, and \$4,000. Offeror A is the low offeror. The aggregate amount of offeror A's bid for purposes of award would be \$99,000, which includes a base bid plus the first and fourth additives. The second and third additives were skipped because each of them would cause the aggregate bid to exceed \$100,000.



**SECTION E—CORPORATE FUNDED PURCHASES**

**1-1. PURPOSE.** This regulation establishes policies and procedures for corporate funded purchase of non-resale items.

**1-2. PROCEDURES.**

**a. Definitions.**

1) Corporate Funds: Money generated by corporate activities. Excludes funds added to the Cooperative Agreement by the government

2) Vendors: Commercial businesses who supply or may supply products or services. Also referred to as bidders, contractors or offerors.

3) Non-Resale Items: Products/services purchased for use by CAP.

4) Resale Items: Products/services purchased with the sole intent to market them for sale, usually for a profit.

**b. Responsibilities.**

1) Corporate officers or their designees are authorized to make corporate funded purchases.

2) If corporate officers elect to have Contracting execute their purchase, CAPR 70-1, Section A-D procedures apply.

3) Personnel interacting with vendors shall conduct themselves with the utmost integrity and refrain from any action that might discredit or embarrass the corporation.

4) Corporate officers are responsible for purchases made by them or their designees.

5) Individuals making purchases are responsible for:

a) Insuring availability of funds prior to making the purchase.

b) Proper recording in corporate financial records.

c) Obtaining required approvals prior to making the purchase.

c. Corporate officers obtain purchase approvals prior to authorizing vendors to proceed.

1) Purchases by HQ personnel exceeding \$1,000 require Executive Director approval.

2) Purchases exceeding \$25,000 require NB/NEC approval.

3) Purchases exceeding \$100,000 require BoG approval.

d. Legal review is required prior to authorizing a vendor to proceed.

e. Purchases are competed wherever possible.

f. Civil Air Patrol is not a government agency and is not entitled to use government contracts or solicit government pricing.

g. For facility projects see Section D, Chapter 4.

h. Hotel Contracts:

1) Corporate Officers or their designees negotiate contracts for hotels and related services in support of CAP sponsored National events.

2) Related services include catering, floral arrangements, and other special services provided by the hotel.

3) Contracts are competed to the maximum extent practical given such factors as available facilities within the geographic location.

4) Contracts are submitted to General Council for review prior to signature.

5) Contracts may be submitted to Contracting for review prior to signature.

**1-3. RESPONSIBILITIES.** CAP corporate officers are responsible for ensuring corporate funded purchases are properly executed.

**1-4. CONTROL.** The Executive Director exercises supervision over corporate funded purchases.